

CITY OF GRANT
FINANCIAL STATEMENTS
JUNE 30, 2004

Auditing Procedures Report

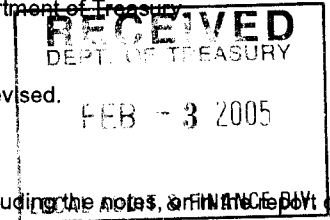
Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Grant	County Newaygo
Audit Date 6/30/04	Opinion Date 10/21/04	Date Accountant Report Submitted to State: 1/28/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Hendon & Slate PC			
Street Address 711 W Main		City Fremont	State MI
Accountant Signature 		ZIP 49412	Date

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CITY OF GRANT

City Commission and City Management

List of Principal Individuals

City Commission

Position

Terry Fett

Mayor

Harry Robinson

Mayor Pro-tem

Anne Pickard

Commission Member

Julie Hallman

Commission Member

Dan Powell

Commission Member

Pat Gardner

Commission Member

Mike Gesler

Commission Member

City Officials

Tobi Lake

Manager/Clerk

Sherry Powell

Treasurer

HS & Companies



Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



October 21, 2004

City Commission
City of Grant
Newaygo County
Grant, Michigan 49327

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grant as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grant as of June 30, 2004, and the respective change in financial position and the cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 21, 2004, on our consideration of the City of Grant's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial

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October 21, 2004

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reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note A, the District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2004 .

The management's discussion and analysis and budgetary comparison information on pages 4 through 7 and 28 through 30, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grant's basic financial statements. The combining and individual non-major fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hendon & Slate, P.C.

Hendon & Slate, P.C.
Certified Public Accountants
October 21, 2004

City of Grant
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2004

Using this Annual Report

As management of the City of Grant, we present to the readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2004. We encourage you to consider the information presented in the financial statements along with the additional information furnished in this letter.

The Governmental Wide Statement of Net Assets and the Governmental Wide Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements.

Condensed Financial Information

The table below provides key financial information in a condensed format for the current year. In future years, when prior year information is available, a comparative analysis of government wide data will be presented. In examining the composition of the net assets portion, the reader should note that the bulk of net assets are invested in capital assets (i.e., streets, buildings, land, vehicles, equipment, etc). These assets are used to provide services to the residents and are not available to pay salaries, operational expenses, or fund capital projects.

	Governmental Activities 2004	Business- Type Activities 2004	Total
<u>Assets:</u>			
Current Assets	\$234,287	\$255,831	\$490,118
Restricted Assets	\$3,904		\$3,904
Capital and Other Noncurrent Assets	<u>\$674,186</u>	<u>\$4,777,219</u>	<u>\$5,451,405</u>
Total Assets	<u>\$912,377</u>	<u>\$5,033,050</u>	<u>\$5,945,427</u>
<u>Liabilities:</u>			
Current Liabilities	\$20,453	\$9,072	\$29,525
Noncurrent Liabilities	<u>\$130,000</u>	<u>\$933,000</u>	<u>\$1,063,000</u>
Total Liabilities	<u>\$150,453</u>	<u>\$942,072</u>	<u>\$1,092,525</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Debt	\$536,786	\$3,568,732	\$4,105,518
Restricted	\$55,158	\$295,487	\$350,645
Unrestricted	<u>\$169,980</u>	<u>\$226,759</u>	<u>\$396,739</u>
Total Net Assets	<u>\$761,924</u>	<u>\$4,090,978</u>	<u>\$4,852,902</u>

<u>Revenues:</u>			
Program			
Charges for Services	\$32,384	\$280,216	\$312,600
Operating Grants	\$179,696	\$5,763	\$185,459
Capital Grants	\$383,911		\$383,911
General			
Property taxes	\$169,502	\$81,871	\$251,373
Investment Earnings	\$1,592	\$4,043	\$5,635
Miscellaneous	<u>\$59,896</u>	<u>\$7,742</u>	<u>\$67,638</u>
Total Revenues	\$826,981	\$379,635	\$1,206,616
<u>Expenses:</u>			
General Government	\$142,971		\$142,971
Public Safety	\$116,308		\$116,308
Public Works	\$96,653		\$96,653
Recreation and Culture	\$3,757		\$3,757
Unallocated Depreciation	\$23,124		\$23,124
Interest on Long-Term Debt	\$3,273		\$3,273
Water Fund		\$183,316	\$183,316
Sewer Fund		<u>\$184,495</u>	<u>\$184,495</u>
Total Expenses	\$386,086	\$367,811	\$753,897
Change in Net Assets			
	<u>\$440,895</u>	<u>\$11,824</u>	<u>\$452,719</u>

The City as a Whole

- The City's primary source of revenue is from property taxes, which represents 44% of total General Fund revenues.
- General Government and Public Safety are a significant expense of the City, representing 77% of total General Fund expenditures.
- Expenditures for all Governmental Funds were 96% of revenues.
- Nearly \$20,000 was transferred out of the General Fund for the City's portion of sidewalk replacement.
- The City's General Fund continues to feel the effects of declines in state shared revenue. Tremendous efforts have been made to minimize the reliance on this funding source, while creating other sources of income for the long term operations of the City.
- The fund balance for the General Fund saw an increase of \$12,469. This reflects \$10,000 budgeted, but unspent, for renovations for the new municipal offices.
- General Fund operating expenditures (Prior to transfers out) were 90% of revenues, with revenue exceeding operating expenditures by \$33,869.
- General Obligation Bonds of \$130,000 were issued to cover part of the City's portion of the street reconstruction.

- The Major Streets Fund began the year with a negative fund balance of -\$5,959 and ended with a balance of \$22,794.
- The City paid \$270,000 throughout the year to the Sewer General Obligation Bonds. The additional payment cuts seven years off the life of the bonds (37 to 30 with 20 years remaining) and reduced the amount of mills needed to be levied for the bonds, from six to two.
- Both the Water and Sewer Funds' expenditures exceeded revenues. The City is committed to taking the steps to fully fund depreciation expenses and return these funds to profitability.
- Depreciation expense for the current year represented 36% of the City's total Water and Sewer expenses.

Government-Wide Financial Analysis

Net assets may be used as an indicator of a government's financial health. As of June 30, the City's net assets from government activities totaled \$761,924 (16%) and \$4,090,978 (84%) from business-type activities, creating a total government-wide net asset total of \$4,852,902. Since this is the first year the City has prepared financial statements following GASB 34, comparisons to fiscal year 2003 are not available.

The City's net assets increased by \$452,719 in the current year. The increase is primarily due to an audit adjustment (\$383,911) involving a grant the City received from the Federal government for the reconstruction of a street. The remaining amount (\$68,808) primarily reflects reimbursements for work associated with the street project and increases in rents.

Governmental Activities

Governmental activities increased the City's net assets by \$440,895, accounting for 97% of the total growth in net assets.

Business-type Activities

At the end of the fiscal year, the net assets for business-type activities increased by \$11,824 or 3% of the total growth in net assets. This is most clearly represented by the addition of general revenues of \$93,656 to the deficit created from the excess in expenditures over revenues of -\$81,832.

The City's Funds

Our analysis of the City's major funds follows the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City Commission creates funds to help manage money for specific purposes, to demonstrate compliance with finance-related legal requirements, and to show accountability for certain activities such as special property tax millages. The City's major funds for 2004 include the General Fund; Major and Local Street Funds (Governmental Funds); and the Water and Sewer Funds (Proprietary Funds).

Governmental Funds

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balances or the lack thereof, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Governmental Funds reported a combined fund balance of \$221,234. Of this number, \$166,076 represents the unrestricted fund balance, comprised of \$72,029 in the General Fund, \$22,794 in the Major Street Fund, \$68,911 in the Local Street Fund, and \$2,342 in other Non-Major Governmental Funds.

The General Fund is the chief operating fund of the City. At the end of the fiscal year the unrestricted General Fund balance was \$72,029 and the total General Fund balance was \$127,187. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 21% of the General Fund expenditures.

Proprietary Funds

The City Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net assets of the Sewer Fund at the end of the year increased by \$38,597. The Water Fund decreased by \$26,773. The result was the overall net increase in the Proprietary Funds of \$11,824. It is important to note that the increase in the Sewer Fund was due to a six mill debt levy that generated \$81,871 in revenues. A careful examination of operating revenues and expenditures for both the Water and Sewer Funds reveals an actual operational loss in each fund totaling \$74,090 (Water -\$29,046 and Sewer -\$45,044).

City Budgetary Highlights

Over the course of the year, the City Commission continually amended the General Fund budget to take into account events that occurred during the year. The most significant General Fund revenue amendments reflected increases in property taxes and charges for services; and decreases in state shared revenue. The budget amendments resulted in a net increase in revenue.

General Fund expenditure amendments reflected an overall increase in expenses. The increase was driven by substantial increases in public safety (\$13,996), offset by decreases in public works (\$7,407).

Capital Assets and Debt Administration

The City's investment in capital assets for its Governmental and Business-type activities as of June 30, 2004 totaled \$5,148,518 (net of accumulated depreciation). Investment in capital assets includes land, building, infrastructure, improvements, machinery, equipment, and vehicles.

Major capital asset events during the year included the completion of the reconstruction of East State Road.

Long Term Debt

At the end of the fiscal year, the City had total outstanding debt of \$1,063,000 consisting of general obligation bonds and revenue bonds. The general obligation debt of \$130,000 in governmental funds and \$399,000 in business-type activities are backed by the full faith and credit of the City. The remainder of the debt represents bonds secured solely by the specific revenue sources (water revenue bonds, \$534,000).

Next Year's Millage Rates

The City's budget for 2004-2005 calls for a small increase in property taxes due to the limited allowed property value increases (the lesser of inflation or 5%). The City also projects that State Shared Revenue will decrease about 1% compared with a 14% decrease experienced in 2003-2004. General Fund expenditures were budgeted for 1% more than the previous budget including \$10,000 to be set aside for the construction of a future municipal office.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City Office.

CITY OF GRANT

Government Wide Statement of Net Assets June 30, 2004

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Total Primary Government</u>
ASSETS			
Cash	\$ 186,167	\$ 205,200	\$ 391,367
Accounts Receivable	69,664	24,984	94,648
Accounts Receivable - Fiduciary Funds	-	4,103	4,103
Restricted Cash	295,487	7,400	302,887
Bond Issuance Cost - Net of Amortization	-	3,904	3,904
Property and Equipment	5,662,190	850,133	6,512,323
Accumulated Depreciation	<u>(1,180,458)</u>	<u>(183,347)</u>	<u>(1,363,805)</u>
Total Assets	<u>5,033,050</u>	<u>912,377</u>	<u>5,945,427</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	444	5,234	5,678
Withheld and Accrued Payroll Taxes	-	15,219	15,219
Accrued Wages	8,628	-	8,628
Noncurrent Liabilities			
Due Within One Year	20,000	17,586	37,586
Due in More Than One Year	<u>913,000</u>	<u>112,414</u>	<u>1,025,414</u>
Total Liabilities	<u>942,072</u>	<u>150,453</u>	<u>1,092,525</u>
NET ASSETS			
Invested in Capital Assets			
Net of Related Debt	3,568,732	536,786	4,105,518
Restricted Assets	295,487	55,158	350,645
Unrestricted	<u>226,759</u>	<u>169,980</u>	<u>396,739</u>
Total Net Assets	<u>\$ 4,090,978</u>	<u>\$ 761,924</u>	<u>\$ 4,852,902</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Government Wide Statement of Activities June 30, 2004

Functions/Programs	Program Revenues			Net Revenue (Expenses) and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Business-type Activities	Total
<u>Expenses</u>						
General Government	\$ 142,971	\$ 32,384	\$ 109,788	\$ -	\$ -	\$ (799)
Public Safety	116,308	-	-	(116,308)	-	(116,308)
Public Works	96,653	-	69,908	383,911	357,166	357,166
Recreation and Culture	3,757	-	-	-	(3,757)	(3,757)
Unallocated Depreciation	23,124	-	-	-	(23,124)	(23,124)
Interest on Long-Term Debt	3,273	-	-	(3,273)	-	(3,273)
Total Governmental Activities	386,086	32,384	179,696	383,911	209,905	209,905
Business-type Activities:						
Water	183,316	144,012	5,763	-	(33,541)	(33,541)
Sewer	184,495	136,204	-	-	(48,291)	(48,291)
Total Business-type Activities	367,811	280,216	5,763	-	(81,832)	(81,832)
General Revenues:						
Property Taxes				169,502	81,871	251,373
Interest				1,592	4,043	5,635
Miscellaneous				59,896	7,742	67,638
Total General Revenues and Transfers				230,990	93,656	324,646
Change in Net Assets				440,895	11,824	452,719
Net Assets - Beginning				321,029	4,079,154	4,400,183
Net Assets - Ending				\$ 761,924	\$ 4,090,978	\$ 4,852,902

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Governmental Fund Balance Sheet June 30, 2004

	General Fund	Major Streets Fund	Local Streets Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 122,172	\$ 14,927	\$ 65,759	\$ 2,342	\$ 205,200
Cash - Reserved	7,400	-	-	-	7,400
Accounts Receivable	13,965	7,867	3,152	-	24,984
Due from Other Funds	4,103	-	-	-	4,103
Total Assets	<u>\$ 147,640</u>	<u>\$ 22,794</u>	<u>\$ 68,911</u>	<u>\$ 2,342</u>	<u>\$ 241,687</u>
LIABILITIES					
Accounts Payable	\$ 5,234	\$ -	\$ -	\$ -	\$ 5,234
Withheld and Accrued Payroll Taxes	<u>15,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,219</u>
Total Liabilities	20,453	-	-	-	20,453
FUND BALANCES					
Unrestricted	72,029	22,794	68,911	2,342	166,076
Restricted	<u>55,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,158</u>
Total Fund Balance	<u>127,187</u>	<u>22,794</u>	<u>68,911</u>	<u>2,342</u>	<u>221,234</u>
Total Liabilities and Fund Balance	<u>\$ 147,640</u>	<u>\$ 22,794</u>	<u>\$ 68,911</u>	<u>\$ 2,342</u>	<u>\$ 241,687</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Fiscal Year Ended June 30, 2004

Total Governmental Fund Balances \$ 221,234

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	854,037
Governmental Accumulated Depreciation	(183,347)

Long-term liabilities, including notes payable, are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are:

General Obligation Debt	<u>(130,000)</u>
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Total Net Assets - Governmental Activities:	<u>\$ 761,924</u>
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The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Governmental Fund Statements of Revenue, Expenditures and Changes in Fund Balance For the Fiscal Year Ended June 30, 2004

	General Fund	Major Streets Fund	Local Streets Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 156,447	-	\$ -	\$ 13,055	\$ 169,502
Rents	42,965	-	-	-	42,965
State Shared Revenue	109,788	49,930	19,978	-	179,696
Federal Sources	-	383,911	-	-	383,911
Charges for Services	15,221	-	-	-	15,221
Interest	992	56	534	10	1,592
Miscellaneous	27,081	29,645	-	3,170	59,896
Total Revenues	352,494	463,542	20,512	16,235	852,783
Expenditures					
General Government	142,971	-	-	-	142,971
Public Safety	101,719	-	-	-	116,308
Public Works	60,263	16,507	13,044	14,589	118,795
Recreation and Culture	3,757	-	-	-	3,757
Capital Outlay	9,915	540,797	3,360	-	554,072
Debt Services	-	-	-	-	7,477
Total Expenditures	318,625	557,304	16,404	51,047	943,380
Excess Revenues Over (Under) Expenditures	33,869	(93,762)	4,108	(34,812)	(90,597)
Other Financing Sources (Uses)					
Operating Transfers In (Out)	(21,400)	-	-	21,400	-
Proceeds from Long-Term Debt	-	122,515	-	7,485	130,000
Total Other Financing Sources (Uses)	(21,400)	122,515	-	28,885	130,000
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	12,469	28,753	4,108	(5,927)	39,403
Fund Balance - Beginning	114,718	(5,959)	64,803	8,269	181,831
Fund Balance - Ending	\$ 127,187	\$ 22,794	\$ 68,911	\$ 2,342	\$ 221,234

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds	\$ 39,403
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities:

Capital outlay reported in governmental fund statements	554,072	
Capital outlay reported as expenses in statement of activities	(3,360)	
Depreciation expense reported in the statement of activities	<u>(23,124)</u>	527,588

Bond Issuance Costs Expensed in Fund Statements	4,204	
Amortization Expense Reported in Government-Wide	<u>(300)</u>	3,904

Proceeds from debt issues are another financing source in the funds, but a debt issue increases long-term obligations in the statement of net assets.

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

Proceeds from long-term debt reported in governmental fund statements	(130,000)	
The amount of debt principal payments in the current year is	<u>-</u>	<u>(130,000)</u>

Changes in Net Assets - Governmental Activities	<u>\$ 440,895</u>
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The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Proprietary Fund Statement of Net Assets June 30, 2004

	Water and Sewer <u>Fund</u>
ASSETS	
Current Assets	
Cash	\$ 186,167
Accounts Receivable	<u>69,664</u>
Total Current Assets	255,831
Noncurrent Assets	
Restricted Cash	295,487
Net Capital Assets	<u>4,481,732</u>
Total Noncurrent Assets	<u>4,777,219</u>
Total Assets	<u>5,033,050</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	444
Accrued Wages	8,628
Current Long Term Debt	<u>20,000</u>
Total Current Liabilities	29,072
Noncurrent Liabilities	
Long Term Bonds	<u>913,000</u>
Total Liabilities	<u>942,072</u>
NET ASSETS	
Invested in Capital Assets - Net of Debt	3,568,732
Restricted Assets	295,487
Unrestricted	<u>226,759</u>
Total Net Assets	<u>\$ 4,090,978</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets June 30, 2004

	Water and Sewer <u>Fund</u>
Operating Revenues	
Fees	\$ 280,216
State Grants	5,763
Miscellaneous	<u>7,742</u>
Total Operating Revenues	293,721
Operating Expenses	
Payroll Expenses	85,818
Supplies	18,958
Professional & Contracted Services	33,304
Utilities	24,279
Property and Workers Comp Insurance	17,377
Other Operating Expenses	17,663
Depreciation	<u>110,137</u>
Total Operating Expenses	<u>307,536</u>
Operating Income (Loss)	(13,815)
Non Operating Revenues	
Interest Income	4,043
Property Tax/User Fees (for debt service)	81,871
Interest Expense	<u>(60,275)</u>
Total Non Operating Revenue (Expenses)	<u>25,639</u>
Income (Loss)	11,824
Total Net Assets - Beginning	<u>4,079,154</u>
Total Net Assets - Ending	<u><u>\$ 4,090,978</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Proprietary Fund Statement of Cash Flows June 30, 2004

	Water and Sewer <u>Fund</u>
Cash Flows From Operating Activities	
Receipts from Customers	\$ 282,304
Receipts from Other Sources	6,467
Payments for Employees	(83,648)
Payments to Suppliers	<u>(114,476)</u>
Net Cash Provided (Used) by Operating Activities	90,647
Cash Flows From Noncapital Financial Activities	
Receipts from Property Taxes	81,871
Receipts from State Sources	5,763
Transfers from Other Funds	<u>1,518</u>
Net Cash Provided (Used) by Noncapital Financing Activities	89,152
Cash Flows From Capital and Related Financing Activities	
Principal and Interest on Capital Debt	(338,275)
Debt Paid from Restricted Cash	<u>112,787</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(225,488)
Cash Flows From Investing Activities	
Interest	<u>4,043</u>
Net Increase (Decrease) in Cash	(41,646)
Balance - Beginning of Year	<u>227,813</u>
Balance - End of Year	<u><u>\$ 186,167</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (19,578)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	110,137
Adjustment to Accumulated Depreciation	(1,277)
Change in Assets and Liabilities	
Accounts Receivable	2,088
Accounts Payable	(2,895)
Accrued Expenses	<u>2,172</u>
Net Cash Provided by Operating Activities	<u><u>\$ 90,647</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF GRANT

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Grant conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Grant:

In fiscal year 2004, the City adopted GASB Statement No. 34, *"Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments."* GASB Statement No. 34 requires new basic financial statements for reporting on the City's financial activities. The effect of this change was to include management's discussion and analysis and include the government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information on major funds, rather than by fund type.

The more significant accounting policies of the City are described below.

A. Reporting Entity

The City of Grant is governed by an elected seven-member commission (Board).

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's commission, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

- C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
- The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the last payment has not been received by June 30th; therefore, a receivable is recorded for this amount. For fiscal year-end June 30, 2004, this amount was \$24,983.

2. Property Taxes Receivable

The City property tax is levied on each July 1st on the taxable valuation of the property (as defined by state statutes) located in the City as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2003 delinquent taxes of \$13,503 were received in June 2004, thus no taxes receivable has been recorded.

The 2003 taxable valuation of the City totaled \$13,683,128, on which ad valorem taxes levied consisted of 10.6347 mills for general operating, .9569 mills for fire operations and equipment; and 6.0 mills for sewer bond debt. These taxes raised \$149,547 operating, \$13,055 fire operating and \$81,871 sewer bond debt. These amounts are recognized in the respective funds as current tax revenues.

All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets Fund accounts for state shared revenue and other revenue sources used to construct and improve the major streets throughout the City.

The Local Streets Fund accounts for state shared revenue used to construct and improve roads throughout the City.

The government reports the following major proprietary funds:

The Water and Sewer Funds account for the equipment, debt, and operating activities of the water and sewer systems respectively.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

4. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each Fund based upon its pro rata share of cash.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the

Notes to the Financial Statements (Continued)

governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. Delinquent taxes are typically received by the end of the fiscal year.

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. These supplies are typically consumed within one year. There were no material inventories at year-end.

Restricted Assets - The general obligation bonds in the Sewer Fund and Major Streets Fund requires amounts to be set aside for debt service of interest and principal.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	25 to 40 years
Land Improvements	10 to 20 years
Water and Sewer Lines	50 to 75 years
Roads	20 to 30 years
Other Infrastructure	30 years
Vehicles	5 to 10 years
Machinery and Equipment	5 to 10 years

Compensated Absences (Vacation and Sick Leave) - It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. These benefits are considered current liabilities. A liability for one half of unused sick pay and all vacation pay is recorded in the government-wide, proprietary and governmental fund financial statements.

Long-Term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the

term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financial uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications - Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

NOTE B

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30th, the City Commission reviews a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the City Community Building to obtain taxpayer comments.
3. Prior to June 30th, the budget is legally adopted.
4. The budgets shown in these financial statements are as last amended through June, 2004.
5. P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the City for these budgetary funds were adopted to the activity level for all governmental funds. The City does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditures</u>	<u>Difference</u>
Major Streets - Construction	\$ 156,900	\$ 540,797	\$ 383,897

Notes to the Financial Statements (Continued)

The above over expenditure occurred because of an audit adjustment. The City received a Grant from the Federal government to pay for 80% of the total cost of construction. This amount was not budgeted in either the revenues or the expenditures.

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The City is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the City Commission in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The City's deposits and investment policy are in accordance with statutory authority.

At year-end, the City's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Fiduciary <u>Funds</u>	Total Primary <u>Government</u>
Cash and Equivalents	\$ 205,200	\$ 186,167	\$ 66,212	\$ 457,579
Restricted Assets	<u>7,400</u>	<u>295,487</u>	<u>-</u>	<u>302,887</u>
Total	<u>\$ 212,600</u>	<u>\$ 481,654</u>	<u>\$ 66,212</u>	<u>\$ 760,466</u>

The bank balance of the primary government's deposits is \$773,359, of which \$300,000 is covered by federal depository insurance. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC Insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are normally categorized to give an indication of the level of risk assumed by the City; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Management believes that the investments in the funds comply with the investment authority noted above.

Depositories actively used by the City during the year are detailed as follows:

1. Valley Ridge
2. Fifth Third
3. Independent Bank of West Michigan

Notes to the Financial Statements (Continued)

NOTE D RECEIVABLES

Receivables as of year-end for the City's individual major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Water & Sewer Fund</u>	<u>Non Major Funds</u>	<u>Total</u>
State Shared Revenue	\$ 13,965	\$ 7,867	\$ 3,152	\$ -	\$ -	\$ 24,984
Charges for Services	-	-	-	69,664	-	69,664
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u>\$ 13,965</u>	<u>\$ 7,867</u>	<u>\$ 3,152</u>	<u>\$ 69,664</u>	<u>\$ -</u>	<u>\$ 94,648</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the City did not incur deferred revenue.

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 6,422	\$ -	\$ -	\$ 6,422
Capital Assets Being Depreciated				
Buildings	35,500	-	-	35,500
Improvements Other than Buildings	98,000	-	-	98,000
Machinery and Equipment	48,600	6,915	-	55,515
Vehicles	110,900	3,000	-	113,900
Infrastructure	<u>-</u>	<u>540,796</u>	<u>-</u>	<u>540,796</u>
Subtotal	293,000	550,711	-	843,711
Less Accumulated Depreciation for				
Buildings	25,900	600	-	26,500
Improvements Other Than Buildings	3,920	3,920	-	7,840
Machinery and Equipment	48,600	-	-	48,600
Vehicles	81,803	11,093	-	92,896
Infrastructure	<u>-</u>	<u>7,511</u>	<u>-</u>	<u>7,511</u>
Subtotal	<u>160,223</u>	<u>23,124</u>	<u>-</u>	<u>183,347</u>
Net Capital Assets Being Depreciated	132,777	527,587	-	660,364
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	139,199	527,587	-	666,786

Notes to the Financial Statements (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	44,642	-	-	44,642
Capital Assets Being Depreciated				
Buildings	88,704	-	-	88,704
Machinery and Equipment	31,010	-	-	31,010
Maining and Pumping Equipment	<u>5,497,834</u>	<u>-</u>	<u>-</u>	<u>5,497,834</u>
Subtotal	5,617,548	-	-	5,617,548
Less Accumulated Depreciation for				
Buildings	88,704	-	-	88,704
Machinery and Equipment	31,010	-	-	31,010
Maining and Pumping Equipment	<u>950,608</u>	<u>110,136</u>	<u>-</u>	<u>1,060,744</u>
Subtotal	1,070,322	110,136	-	1,180,458
Net Capital Assets Being Depreciated	4,547,226	(110,136)	-	4,437,090
Business-Type Activities Capital Total				
Capital Assets - Net of Depreciation	4,591,868	(110,136)	-	4,481,732

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Unallocated	<u>23,124</u>
Total Governmental Activities	<u>\$ 23,124</u>
Business-Type Activities	
Water	\$ 61,935
Sewer	<u>48,201</u>
Total Business-Type Activities	<u>\$ 110,136</u>

NOTE F INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivable Fund (Due From)	<u>Amount</u>	Payable Fund (Due To)	<u>Amount</u>
General Fund	\$ 4,103	Trust & Agency	\$ 4,103
Transfers In Fund	<u>Amount</u>	Transfers Out Fund	<u>Amount</u>
Sidewalk Fund	\$ 19,400	General Fund	\$ 21,400
Fire Fund	2,000		

Notes to the Financial Statements (Continued)

NOTE G LONG-TERM DEBT

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balances</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Bonds						
2003 MI Transportation Bond	4.6%	12/1/2010	\$ -	\$ 130,000	\$ 130,000	\$ 17,586
Business-Type Activities						
General Obligation Bonds						
1992 Sewer Line Bonds	5.0%	10/1/2023	669,000	(270,000)	399,000	12,000
Revenue Bonds						
1994 Water Revenue Bond	5.0%	12/1/2034	542,000	(8,000)	534,000	8,000

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End June 30</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 17,586	\$ 5,780	\$ 20,000	\$ 46,650
2006	18,404	4,962	20,000	45,650
2007	19,261	4,105	22,000	44,650
2008	20,157	3,209	23,000	43,550
2009	21,095	2,271	24,000	42,400
2010 - 2014	33,497	1,553	143,000	193,050
2015 - 2019	-	-	187,000	152,400
2020 - 2024	-	-	239,000	100,850
2025 - 2029	-	-	122,000	51,800
2030 - 2034	-	-	133,000	20,100
Total	<u>\$ 130,000</u>	<u>\$ 21,880</u>	<u>\$ 933,000</u>	<u>\$ 741,100</u>

For major streets construction projects, the net proceeds of the 2003 MI Transportation Bond after related fees were \$122,515. A debt service fund was created to pay principal and interest payments.

NOTE H RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise funds are as follows:

	<u>Water</u>	<u>Sewer</u>
Bond Debt	\$ 1,634	\$ 5,594
Improvement and Replacement Account	212,259	-
Bond Reserve	<u>36,000</u>	<u>40,000</u>
Total Restricted Assets	<u>\$ 249,893</u>	<u>\$ 45,594</u>

Notes to the Financial Statements (Continued)

NOTE I RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE J RELATED PARTY TRANSACTIONS

During the current year the City purchased a lawn mower from Grant Rent All and Sales. A current Commission member owns a minority interest in this business. Also, the Commission approved a resolution establishing an Industrial Development District for property that is owned by Grant Rent All and Sales.

NOTE K ENDOWMENT FUND

The Fremont Area Community Foundation holds an endowment fund which has been earmarked for the City of Grant. As of June 30, 2004, the Fremont Area Community Foundation holds endowment funds for the City of Grant in the amount of \$42,428.

NOTE L DEFERRED COMPENSATION PLAN

The City has a deferred compensation plan in accordance with the Internal Revenue Code Section 457. The plan is administered by two separate independent plan administrators through administrative service agreements. Eligible employees are allowed to defer a portion of their salary until future years. In addition, the City has a policy in place to contribute 6% of each employee's gross compensation into the plan after one year of service has been completed. The Clerk has a clause in his contract that states that the City contribute 8% of his gross compensation. All amounts contributed are 100% vested immediately and therefore are the property of the employee as soon as the contributions are made.

The City administers its own cafeteria plan under Internal Revenue Code Section 125(b). Employees may elect to set aside a portion of their income for medical or dependent care purposes. Employees may not withdraw more than they have withheld during the plan year; also, if they do not use the full amount withheld within the plan year, the money becomes the City's funds. At June 30, 2004, the City has withheld \$282, which is expected to be disbursed by the end of the plan year.

CITY OF GRANT

Statement of Net Assets - Fiduciary Funds
June 30, 2004

	Trust and Agency
	<u>Fund</u>
ASSETS	
Cash	<u>\$ 66,212</u>
 LIABILITIES	
Due to Other Funds	\$ 4,103
Due to Other Units	<u>62,109</u>
 Total Liabilities	<u>\$ 66,212</u>

CITY OF GRANT

Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended June 30, 2004

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 120,145	\$ 114,718	\$ 114,718	\$ -
Resources (Inflows)				
Property Taxes	152,887	154,280	156,447	2,167
State Shared Revenue	112,983	110,450	109,788	(662)
Charges for Services	10,450	14,180	15,221	1,041
Rents	41,500	41,600	42,965	1,365
Interest	2,500	800	996	196
Miscellaneous	<u>20,410</u>	<u>26,100</u>	<u>27,077</u>	<u>977</u>
Amounts Available for Appropriation	460,875	462,128	467,212	5,084
Changes to Appropriations (Outflows)				
General Government	116,787	117,468	120,814	(3,346)
Public Safety	98,014	112,010	104,719	7,291
Public Works	72,752	65,345	67,178	(1,833)
Recreation and Culture	8,150	8,561	3,757	4,804
Other Functions	24,784	22,610	22,157	453
Operating Transfers Out	<u>19,000</u>	<u>21,400</u>	<u>21,400</u>	<u>-</u>
Total Charges to Appropriations	<u>339,487</u>	<u>347,394</u>	<u>340,025</u>	<u>7,369</u>
Budgetary Fund Balance - June 30, 2004	<u>\$ 121,388</u>	<u>\$ 114,734</u>	<u>\$ 127,187</u>	<u>\$ 12,453</u>

CITY OF GRANT

Required Supplementary Information Budgetary Comparison Schedule for the Major Streets Fund For the Year Ended June 30, 2004

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ -	\$ (5,959)	\$ (5,959)	\$ -
Resources (Inflows)				
Federal Grants	-	-	383,911	383,911
State Shared Revenue	46,068	46,000	49,930	3,930
Interest	-	22	56	34
Miscellaneous	-	29,645	29,645	-
Proceeds from Bonds	<u>134,722</u>	<u>122,515</u>	<u>122,515</u>	<u>-</u>
Amounts Available for Appropriation	180,790	192,223	580,098	387,875
Changes to Appropriations (Outflows)				
Routine Maintenance	5,700	4,513	4,261	252
Traffic Maintenance	1,000	172	-	172
Winter Maintenance	6,000	11,746	11,746	-
Administration	500	500	500	-
Construction	<u>167,590</u>	<u>156,900</u>	<u>540,797</u>	<u>(383,897)</u>
Total Charges to Appropriations	<u>180,790</u>	<u>173,831</u>	<u>557,304</u>	<u>(383,473)</u>
Budgetary Fund Balance - June 30, 2004	<u>\$ -</u>	<u>\$ 18,392</u>	<u>\$ 22,794</u>	<u>\$ 4,402</u>

CITY OF GRANT

Required Supplementary Information Budgetary Comparison Schedule for the Local Streets Fund For the Year Ended June 30, 2004

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 64,692	\$ 64,803	\$ 64,803	\$ -
Resources (Inflows)				
State Shared Revenue	18,395	18,395	19,978	1,583
Interest	<u>1,600</u>	<u>700</u>	<u>534</u>	<u>(166)</u>
Amounts Available for Appropriation	84,687	83,898	85,315	1,417
Changes to Appropriations (Outflows)				
Routine Maintenance	6,900	9,784	9,376	408
Traffic Maintenance	750	257	256	1
Winter Maintenance	2,000	2,816	2,816	-
Administration	800	596	596	-
Construction	<u>1,000</u>	<u>3,360</u>	<u>3,360</u>	<u>-</u>
Total Charges to Appropriations	<u>11,450</u>	<u>16,813</u>	<u>16,404</u>	<u>409</u>
Budgetary Fund Balance - June 30, 2004	<u>\$ 73,237</u>	<u>\$ 67,085</u>	<u>\$ 68,911</u>	<u>\$ 1,826</u>

CITY OF GRANT

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2004**

	<u>Special Revenue Fund</u>		<u>Debt Service Fund</u>	Total Non-Major Governmental <u>Funds</u>
	<u>Fire</u>	<u>Sidewalk</u>	<u>Transportation Bond</u>	
ASSETS				
Cash	<u>\$ 2,154</u>	<u>\$ 175</u>	<u>\$ 13</u>	<u>\$ 2,342</u>
FUND EQUITY				
Fund Balance	<u>\$ 2,154</u>	<u>\$ 175</u>	<u>\$ 13</u>	<u>\$ 2,342</u>

CITY OF GRANT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds For the Fiscal Year Ended June 30, 2004

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Fire</u>	<u>Sidewalk</u>	<u>Transportation Bond</u>	
Revenues				
Taxes	\$ 13,055	\$ -	\$ -	\$ 13,055
Interest	-	5	5	10
Other Revenue	<u>-</u>	<u>3,170</u>	<u>-</u>	<u>3,170</u>
Total Revenues	<u>\$ 13,055</u>	<u>\$ 3,175</u>	<u>\$ 5</u>	<u>\$ 16,235</u>
 Expenditures				
Public Safety	\$ 14,589	\$ -	\$ -	\$ 14,589
Public Works	-	28,981	-	28,981
Debt Service	<u>-</u>	<u>-</u>	<u>7,477</u>	<u>7,477</u>
Total Expenditures	14,589	28,981	7,477	51,047
 Excess Revenue Over Expenditures	(1,534)	(25,806)	(7,472)	(34,812)
 Other Financing Sources (Uses)				
Operating Transfers In (Out)	2,000	19,400	-	21,400
Proceeds From Bonds	<u>-</u>	<u>-</u>	<u>7,485</u>	<u>7,485</u>
Total Other Financing Sources (Uses)	<u>2,000</u>	<u>19,400</u>	<u>7,485</u>	<u>28,885</u>
 Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	466	(6,406)	13	(5,927)
 Fund Balance - Beginning	<u>1,688</u>	<u>6,581</u>	<u>-</u>	<u>8,269</u>
 Fund Balance - Ending	<u>\$ 2,154</u>	<u>\$ 175</u>	<u>\$ 13</u>	<u>\$ 2,342</u>

CITY OF GRANT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Taxes			
Current	\$ 146,800	\$ 149,547	\$ 2,747
Trailer	155	155	-
Property Tax Administration Fee	<u>7,325</u>	<u>6,745</u>	<u>(580)</u>
	154,280	156,447	2,167
State Grants			
Shared Revenues	110,000	109,333	(667)
Business Licenses and Permits	<u>450</u>	<u>455</u>	<u>5</u>
	110,450	109,788	(662)
Charges for Services			
Fees and Penalties	1,275	2,305	1,030
Sales - Cemetery Openings, Lot	1,100	1,100	-
Sales and Foundations	255	256	1
Contracted Services	<u>11,550</u>	<u>11,560</u>	<u>10</u>
	14,180	15,221	1,041
Fines and Forfeits	5,550	5,566	16
Interest	800	992	192
Rent (Community Building and Equipment)	41,600	42,965	1,365
Refunds and Rebates	5,300	5,355	55
Other - Miscellaneous	4,350	5,260	910
Water Tower Lease	8,700	8,700	-
Private Donations	50	50	-
Cable TV Franchise	<u>2,150</u>	<u>2,150</u>	<u>-</u>
	<u>68,500</u>	<u>71,038</u>	<u>2,538</u>
Total Revenues	347,410	352,494	5,084
Expenditures			
Legislative			
City Commission and Mayor			
Salaries and Wages		6,000	
Social Security Tax		459	
Professional Services		193	
Printing and Publishing		951	
Membership and Dues		1,119	
Miscellaneous		232	
Supplies		32	
Education and Training		<u>390</u>	
Total Legislative	\$ 9,455	\$ 9,376	\$ 79

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
General Government			
Elections			
Salaries and Wages		\$ 501	
Social Security Tax		38	
Printing and Publishing		276	
Transportation		25	
Supplies		<u>426</u>	
	\$ 1,702	1,266	\$ 436
Assessor			
Office Supplies		8	
Contracted Services		5,456	
Miscellaneous		<u>360</u>	
	5,830	5,824	6
Clerk			
Salaries and Wages		48,597	
Social Security Tax		3,562	
Fringes		3,680	
Office and Operating Supplies		1,250	
Professional Services		800	
Telephone		1,458	
Dues and Memberships		220	
Transportation		1,187	
Miscellaneous		110	
Education and Training		<u>416</u>	
	57,900	61,280	(3,380)
Treasurer			
Salaries and Wages		23,494	
Social Security Tax		1,780	
Office and Operating Supplies		1,126	
Miscellaneous		199	
Professional Services		800	
Contracted Services		1,699	
Telephone		825	
Transportation		166	
Dues and Membership		155	
Education and Training		<u>185</u>	
	\$ 30,315	\$ 30,429	\$ (114)

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Board of Review			
Wages		\$ -	
Social Security Tax		-	
Printing and Publishing		208	
Miscellaneous		<u>38</u>	
	\$ 250	246	\$ 4
City Hall and Grounds			
Salaries and Wages		1,041	
Social Security Tax		80	
Operating and Maintenance Supplies		536	
Public Utilities		5,414	
Repairs and Maintenance		1,096	
Refunds		525	
Contracted Services		<u>76</u>	
	8,712	8,768	(56)
Cemetery			
Wages		2,934	
Social Security Tax		224	
Supplies		<u>467</u>	
	<u>3,304</u>	<u>3,625</u>	<u>(321)</u>
Total General Government	108,013	111,438	(3,425)
Public Safety			
Police Department			
Salaries and Wages		71,137	
Social Security Tax		5,225	
Fringes		2,108	
Office and Operating Supplies		6,670	
Professional Services		3,147	
Contracted Services		828	
Education and Training		289	
Telephone		1,897	
Transportation		8,215	
Uniforms		926	
Printing and Publishing		317	
Membership and Dues		182	
Miscellaneous		104	
Capital Outlay		<u>3,000</u>	
	\$ 111,336	\$ 104,045	\$ 7,291

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Planning Commission			
Salaries		\$ 36	
Social Security Tax		<u>3</u>	
	\$ 39	39	\$ -
Zoning Commission			
Wages		556	
Social Security Tax		43	
Printing and Publishing		<u>36</u>	
	<u>635</u>	<u>635</u>	<u>-</u>
Total Public Safety	112,010	104,719	7,291
Public Works			
Department of Public Works			
Salaries and Wages		20,575	
Social Security Tax		1,531	
Fringes		1,189	
Office Supplies		199	
Operating and Maintenance Supplies		5,570	
Contracted Services		1,720	
Telephone		168	
Transportation		6,018	
Utilities		2,236	
Capital Outlay		<u>6,915</u>	
	44,280	46,121	(1,841)
Drains	65	64	1
Street Lighting	<u>21,000</u>	<u>20,993</u>	<u>7</u>
	<u>21,065</u>	<u>21,057</u>	<u>8</u>
Total Pubic Works	\$ 65,345	\$ 67,178	\$ (1,833)

Statement of Revenues, Expenditures and
Changes in Fund Balance - General Fund (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Recreation and Culture			
Parks			
Salaries and Wages		\$ 1,252	
Social Security Tax		96	
Operating and Maintenance Supplies		316	
Utilities		83	
Water Tower Lease		1,251	
Contracted Services		<u>520</u>	
	\$ 3,369	3,518	\$ (149)
Library	<u>5,192</u>	<u>239</u>	<u>4,953</u>
Total Recreation and Culture	8,561	3,757	4,804
Other Functions			
Health and Life Insurance		12,707	
Other Insurance			
Property/Liability		5,231	
Worker's Compensation		1,219	
Economic Development		<u>3,000</u>	
Total Other Functions	<u>22,610</u>	<u>22,157</u>	<u>453</u>
Total Expenditures	<u>325,994</u>	<u>318,625</u>	<u>7,369</u>
Excess Revenues Over (Under) Expenditures	21,416	33,869	12,453
Other Financing Sources (Uses)			
Operating Transfers Out	<u>(21,400)</u>	<u>(21,400)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(21,400)</u>	<u>(21,400)</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 16</u>	12,469	<u>\$ 12,453</u>
Fund Balance - Beginning		<u>114,718</u>	
Fund Balance - Ending		<u>\$ 127,187</u>	

CITY OF GRANT

Combining Balance Sheet - All Special Revenue Funds June 30, 2004

	Major Street <u>Fund</u>	Local Street <u>Fund</u>	Sidewalk Improvement <u>Fund</u>	Fire <u>Fund</u>	<u>Total</u>
ASSETS					
Cash	\$ 14,927	\$ 65,759	\$ 175	\$ 2,154	\$ 83,015
Accounts Receivable	<u>7,867</u>	<u>3,152</u>	<u>-</u>	<u>-</u>	<u>11,019</u>
Total Assets	<u>\$ 22,794</u>	<u>\$ 68,911</u>	<u>\$ 175</u>	<u>\$ 2,154</u>	<u>\$ 94,034</u>
 LIABILITIES AND FUND EQUITY					
Fund Equity					
Fund Balance	<u>\$ 22,794</u>	<u>\$ 68,911</u>	<u>\$ 175</u>	<u>\$ 2,154</u>	<u>\$ 94,034</u>
Total Liabilities and Fund Equity	<u>\$ 22,794</u>	<u>\$ 68,911</u>	<u>\$ 175</u>	<u>\$ 2,154</u>	<u>\$ 94,034</u>

CITY OF GRANT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Special Revenue Funds For the Fiscal Year End June 30, 2004

	Major Street <u>Fund</u>	Local Street <u>Fund</u>	Sidewalk Improvement <u>Fund</u>	Fire <u>Fund</u>	<u>Total</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 13,055	\$ 13,055
State Grants	49,930	19,978	-	-	69,908
Federal Grants	383,911	-	-	-	383,911
Miscellaneous	29,645	-	3,170	-	32,815
Interest	<u>56</u>	<u>534</u>	<u>5</u>	<u>-</u>	<u>595</u>
Total Revenues	463,542	20,512	3,175	13,055	500,284
Expenditures					
Public Works	557,304	16,404	28,981	-	602,689
Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,589</u>	<u>14,589</u>
Total Expenditures	557,304	16,404	28,981	14,589	617,278
Excess Revenues Over (Under) Expenditures	(93,762)	4,108	(25,806)	(1,534)	(116,994)
Other Financing Sources (Uses)					
Operating Transfers In	-	-	19,400	2,000	21,400
Proceeds from Bonds	<u>122,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,515</u>
	122,515	-	19,400	2,000	143,915
Excess Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	28,753	4,108	(6,406)	466	26,921
Fund Balance - Beginning	<u>(5,959)</u>	<u>64,803</u>	<u>6,581</u>	<u>1,688</u>	<u>67,113</u>
Fund Balance - Ending	<u>\$ 22,794</u>	<u>\$ 68,911</u>	<u>\$ 175</u>	<u>\$ 2,154</u>	<u>\$ 94,034</u>

CITY OF GRANT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Major Street Fund For the Fiscal Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Federal Grants	\$ -	\$ 383,911	\$ 383,911
State Shared Revenue	46,000	49,930	3,930
Interest Earned	22	56	34
Miscellaneous	<u>29,645</u>	<u>29,645</u>	<u>-</u>
Total Revenues	75,667	463,542	387,875
Expenditures			
Routine Maintenance			
Equipment Rental/Labor		3,578	
Maintenance Supplies		94	
Operating Supplies		<u>589</u>	
	4,513	4,261	252
Traffic Maintenance			
Equipment Rental/Labor		-	
Contracted Services		-	
Materials and Supplies		<u>-</u>	
	172	-	172
Winter Maintenance			
Equipment Rental/Labor	11,746	11,746	-
Administration			
Professional Services	500	500	-
Construction			
Contracted Services	<u>156,900</u>	<u>540,797</u>	<u>(383,897)</u>
Total Expenditures	<u>173,831</u>	<u>557,304</u>	<u>(383,473)</u>
Excess Revenues Over (Under) Expenditures	(98,164)	(93,762)	4,402
Other Financing Sources			
Proceeds from Bonds	<u>122,515</u>	<u>122,515</u>	<u>-</u>
Excess Revenues and Financing Sources Over Expenditures and Financing	<u>\$ 24,351</u>	28,753	<u>\$ 4,402</u>
Fund Balance - Beginning of Year		<u>(5,959)</u>	
Fund Balance - End of Year		<u>\$ 22,794</u>	

CITY OF GRANT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Local Street Fund For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
State Shared Revenue	\$ 18,395	\$ 19,978	\$ 1,583
Interest Earned	<u>700</u>	<u>534</u>	<u>(166)</u>
Total Revenues	19,095	20,512	1,417
Expenditures			
Routine Maintenance			
Equipment Rental/Labor		7,577	
Materials and Supplies		1,299	
Contracted Services		<u>500</u>	
	9,784	9,376	408
Traffic Maintenance			
Equipment Rental/Labor		84	
Materials and Supplies		<u>172</u>	
	257	256	1
Construction			
Contracted Services	3,360	3,360	-
Winter Maintenance			
Equipment Rental/Labor	2,816	2,816	-
Professional/Administrative Services	<u>596</u>	<u>596</u>	<u>-</u>
Total Expenditures	<u>16,813</u>	<u>16,404</u>	<u>409</u>
Excess Revenues Over Expenditures	<u>\$ 2,282</u>	4,108	<u>\$ 1,826</u>
Fund Balance - Beginning		<u>64,803</u>	
Fund Balance - Ending		<u>\$ 68,911</u>	

CITY OF GRANT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Sidewalk Improvement Fund For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Interest Earned	\$ 4	\$ 5	\$ 1
50/50 Reimbursement	<u>3,169</u>	<u>3,170</u>	<u>1</u>
	3,173	3,175	2
Expenditures			
Sidewalk Repair	<u>29,000</u>	<u>28,981</u>	<u>19</u>
Excess Revenues Over (Under) Expenditures	(25,827)	(25,806)	21
Other Financing Sources			
Operating Transfers In	<u>19,400</u>	<u>19,400</u>	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ (6,427)</u>	(6,406)	<u>\$ 21</u>
Fund Balance - Beginning		<u>6,581</u>	
Fund Balance - Ending		<u>\$ 175</u>	

CITY OF GRANT

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fire Fund For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues			
Property Taxes	\$ 13,055	\$ 13,055	\$ -
Expenditures			
Contracted Services	<u>15,055</u>	<u>14,589</u>	<u>466</u>
Excess Revenues Over (Under) Expenditures	(2,000)	(1,534)	466
Other Financing Sources			
Operating Transfers In	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	466	<u>\$ 466</u>
Fund Balance - Beginning		<u>1,688</u>	
Fund Balance - Ending		<u>\$ 2,154</u>	

CITY OF GRANT

Combining Balance Sheet - All Proprietary Funds June 30, 2004

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 56,573	\$ 129,594	\$ 186,167
Accounts Receivable	35,769	33,895	69,664
Property, Plant and Equipment	3,140,394	2,521,796	5,662,190
Less Depreciation	(495,136)	(685,322)	(1,180,458)
Restricted Assets			
Cash - Debt Service	1,634	5,594	7,228
- Reserved	<u>248,259</u>	<u>40,000</u>	<u>288,259</u>
Total Assets	<u>\$ 2,987,493</u>	<u>\$ 2,045,557</u>	<u>\$ 5,033,050</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 303	\$ 141	\$ 444
Accrued Wages	4,313	4,315	8,628
Current Long-Term Debt	8,000	12,000	20,000
Bond Debt	<u>526,000</u>	<u>387,000</u>	<u>913,000</u>
Total Liabilities	538,616	403,456	942,072
FUND EQUITY			
Retained Earnings - Restricted	249,893	45,594	295,487
- Unrestricted	<u>2,198,984</u>	<u>1,596,507</u>	<u>3,795,491</u>
Total Fund Equity	<u>2,448,877</u>	<u>1,642,101</u>	<u>4,090,978</u>
Total Liabilities and Fund Equity	<u>\$ 2,987,493</u>	<u>\$ 2,045,557</u>	<u>\$ 5,033,050</u>

CITY OF GRANT

Combining Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Funds For the Year Ended June 30, 2004

	<u>Water Fund</u>	<u>Sewer Operating Fund</u>	<u>Total</u>
Operating Revenue			
Fees	\$ 144,012	\$ 136,204	\$ 280,216
Miscellaneous	4,495	3,247	7,742
State Grants	<u>5,763</u>	<u>-</u>	<u>5,763</u>
Total Revenue	154,270	139,451	293,721
Operating Expenses			
Salaries and Wages	28,831	28,831	57,662
FICA	2,158	2,158	4,316
Fringe Benefits	1,189	1,189	2,378
Office and Operating Supplies	8,537	10,421	18,958
Professional Services	2,150	2,296	4,446
Contracted Services	14,722	14,136	28,858
Repairs and Maintenance	435	2,055	2,490
Health and Life Insurance	10,731	10,731	21,462
Utilities	7,030	14,775	21,805
Telephone	1,717	757	2,474
Education and Training	50	-	50
Printing and Publishing	249	503	752
Property and Liability Insurance	6,409	7,300	13,709
Workers Comp Insurance	1,834	1,834	3,668
Equipment Rental	7,633	5,223	12,856
Depreciation	61,935	48,202	110,137
Dues and Memberships	427	-	427
Miscellaneous	<u>179</u>	<u>909</u>	<u>1,088</u>
Total Operating Expenses	<u>156,216</u>	<u>151,320</u>	<u>307,536</u>
Operating Income (Loss)	(1,946)	(11,869)	(13,815)
Non-Operating Revenues (Expenses)			
Interest Income	2,273	1,770	4,043
Property Tax/User Fees (For Debt Service)	-	81,871	81,871
Interest Expense	<u>(27,100)</u>	<u>(33,175)</u>	<u>(60,275)</u>
Total Non-Operating Revenues (Expenses)	<u>(24,827)</u>	<u>50,466</u>	<u>25,639</u>
Net Income (Loss)	(26,773)	38,597	11,824
Retained Earnings - Beginning	<u>2,475,650</u>	<u>1,603,504</u>	<u>4,079,154</u>
Retained Earnings - Ending	<u>\$ 2,448,877</u>	<u>\$ 1,642,101</u>	<u>\$ 4,090,978</u>

CITY OF GRANT

Combining Statement of Cash Flows - All Proprietary Funds For the Year Ended June 30, 2004

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash Flow from Operating Activities:			
Net Income (Loss)	\$ (26,773)	\$ 38,597	\$ 11,824
Adjustment to reconcile net income to net cash			
Flow provided by operating activities:			
Depreciation	61,935	48,202	110,137
Adjustment to Accumulated Depreciation	-	(1,277)	(1,277)
Changes in Working Capital Items:			
(Increase) Decrease in Accounts Receivable	1,368	720	2,088
Increase (Decrease) in Accounts Payable	(2,870)	(25)	(2,895)
Increase (Decrease) in Accrued Wages	<u>1,085</u>	<u>1,087</u>	<u>2,172</u>
Net Cash Provided by Operating Activities	34,745	87,304	122,049
 Cash Flow from Financing Activities:			
(Increase) Decrease in Due From Other Funds	759	759	1,518
Principal Payments on Long-Term Debt	(8,000)	(270,000)	(278,000)
(Increase) Decrease in Restricted Cash	<u>(1,479)</u>	<u>114,266</u>	<u>112,787</u>
Net Cash Used by Financing Activities	<u>(8,720)</u>	<u>(154,975)</u>	<u>(163,695)</u>
 Increase (Decrease) in Cash	26,025	(67,671)	(41,646)
 Cash - Beginning	<u>30,548</u>	<u>197,265</u>	<u>227,813</u>
 Cash - Ending	<u>\$ 56,573</u>	<u>\$ 129,594</u>	<u>\$ 186,167</u>

Supplemental Information:

Cash paid for interest in the Water and Sewer Funds for the year ended June 30, 2004 was \$27,100 and \$33,175 respectively.

CITY OF GRANT

Water Fund Balance Sheets June 30, 2004 and 2003

	<u>06/30/04</u>	<u>06/30/03</u>
ASSETS		
Cash - Receiving	\$ 25,814	\$ 3,954
Cash - Operating	30,759	26,594
Accounts Receivable	35,769	37,137
Due From Other Funds	-	759
Property, Plant and Equipment	3,140,394	3,140,394
Less Accumulated Depreciation	(495,136)	(433,201)
Restricted Assets		
Cash - Bond Debt	1,634	1,862
Cash - Reserved	36,000	36,000
Cash - Replacement/Improvement	<u>212,259</u>	<u>210,552</u>
Total Assets	<u>\$ 2,987,493</u>	<u>\$ 3,024,051</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	\$ 303	\$ 3,173
Accrued Wages	4,313	3,228
Current Long-Term Debt	8,000	8,000
Bond Debt	<u>526,000</u>	<u>534,000</u>
	538,616	548,401
FUND EQUITY		
Retained Earnings - Restricted	249,893	248,414
- Unrestricted	<u>2,198,984</u>	<u>2,227,236</u>
Total Fund Equity	<u>2,448,877</u>	<u>2,475,650</u>
Total Liabilities and Fund Equity	<u>\$ 2,987,493</u>	<u>\$ 3,024,051</u>

CITY OF GRANT

Statement of Revenues, Expenses and Changes in Retained Earnings - Water Fund For the Year Ended June 30, 2004 and 2003

	<u>June 30, 2004</u>		<u>June 30, 2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating Revenue			
Fees	\$ 139,000	\$ 144,012	\$ 141,978
State Grants	-	5,763	9,000
Hook Ups	2,250	2,250	-
Miscellaneous	<u>1,175</u>	<u>2,245</u>	<u>7,421</u>
Total Operating Revenue	142,425	154,270	158,399
Operating Expenses			
Salaries and Wages	29,000	28,831	29,432
FICA	2,225	2,158	2,136
Fringe Benefits	1,250	1,189	1,593
Health and Life Insurance	8,870	10,731	10,857
Office and Operating Supplies	7,600	8,537	5,244
Professional Services	2,200	2,150	2,255
Contracted Services	15,000	14,722	16,089
Repairs and Maintenance	435	435	6,484
Utilities	7,500	7,030	7,091
Telephone	1,750	1,717	1,637
Education and Training	50	50	155
Printing and Publishing	400	249	247
Property and Liability Insurance	6,410	6,409	5,000
Workers Comp Insurance	1,430	1,834	1,789
Equipment Rental	7,700	7,633	6,233
Membership Dues	430	427	417
Depreciation	61,935	61,935	61,935
Miscellaneous	<u>200</u>	<u>179</u>	<u>100</u>
Total Operating Expenses	<u>154,385</u>	<u>156,216</u>	<u>158,694</u>
Operating Income	(11,960)	(1,946)	(295)
Non-Operating Revenues (Expenses)			
Interest Income	1,700	2,273	5,825
Interest Expense	<u>(27,100)</u>	<u>(27,100)</u>	<u>(27,450)</u>
Total Non-Operating Revenues (Expenses)	<u>(25,400)</u>	<u>(24,827)</u>	<u>(21,625)</u>
Net Income (Loss)	<u>\$ (37,360)</u>	(26,773)	<u>\$ (21,920)</u>
Retained Earnings - Beginning		<u>2,475,650</u>	
Retained Earnings - Ending		<u>\$ 2,448,877</u>	

CITY OF GRANT

**Water Fund
Statement of Cash Flows
For the Year Ended June 30, 2004**

Cash Flow from Operating Activities:	
Net Income (Loss)	\$ (26,773)
Adjustments to reconcile net income to net cash flow provided by operating activities:	
Depreciation	61,935
Changes in Working Capital Items:	
Decrease in Accounts Receivable	1,368
Decrease in Accounts Payable	(2,870)
Increase in Accrued Wages	<u>1,085</u>
Net Cash Provided by Operating Activities	34,745
 Cash Flow from Financing Activities:	
Decrease in Due From Other Funds	759
Principal Payments on Long-Term Debt	(8,000)
Increase in Restricted Cash	<u>(1,479)</u>
Net Cash Used by Financing Activities	<u>(8,720)</u>
 Increase in Cash	26,025
Cash - Beginning	<u>30,548</u>
Cash - Ending	<u><u>\$ 56,573</u></u>

Supplemental Information:

Cash paid for interest for the year ended June 30, 2004 was \$27,100.

CITY OF GRANT

**Sewer Operating Fund
Balance Sheets
June 30, 2004 and 2003**

	<u>06/30/04</u>	<u>06/30/03</u>
ASSETS		
Cash	\$ 129,594	\$ 197,265
Accounts Receivable	33,895	34,615
Due From Other Funds	-	759
Property, Plant and Equipment	2,521,796	2,521,796
Less Accumulated Depreciation	(685,322)	(638,397)
Restricted Assets		
Cash - Debt Service	5,594	116,453
- Reserved	<u>40,000</u>	<u>43,407</u>
Total Assets	<u>\$ 2,045,557</u>	<u>\$ 2,275,898</u>
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	\$ 141	\$ 166
Accrued Wages	4,315	3,228
Current Long-Term Debt	12,000	11,000
Bond Debt	<u>387,000</u>	<u>658,000</u>
Total Liabilities	403,456	672,394
 FUND EQUITY		
Retained Earnings - Restricted	45,594	159,860
- Unrestricted	<u>1,596,507</u>	<u>1,443,644</u>
Total Fund Equity	<u>1,642,101</u>	<u>1,603,504</u>
Total Liabilities and Fund Equity	<u>\$ 2,045,557</u>	<u>\$ 2,275,898</u>

CITY OF GRANT

Statement of Revenues, Expenses and Changes in Retained Earnings - Sewer Operating Fund For the Year Ended June 30, 2004

	<u>June 30, 2004</u>		<u>June 30, 2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Operating Revenue			
Fees	\$ 133,500	\$ 136,204	\$ 136,809
Miscellaneous	<u>2,470</u>	<u>3,247</u>	<u>1,689</u>
Total Revenues	135,970	139,451	138,498
Operating Expenses			
Salaries and Wages	29,000	28,831	27,603
FICA	2,225	2,158	2,136
Fringe Benefits	1,250	1,189	1,593
Office and Operating Supplies	10,650	10,421	15,532
Professional Services	2,300	2,296	2,227
Contracted Services	14,200	14,136	6,089
Repairs and Maintenance	2,100	2,055	820
Health and Life Insurance	8,870	10,731	10,857
Utilities	14,800	14,775	15,497
Telephone	800	757	786
Education and Training	150	-	60
Printing and Publishing	505	503	202
Property and Liability Insurance	7,300	7,300	6,000
Workers Comp Insurance	1,430	1,834	1,789
Equipment Rental	6,000	5,223	4,425
Uniforms	-	-	-
Depreciation	58,000	48,202	49,297
Miscellaneous	<u>100</u>	<u>909</u>	<u>158</u>
Total Operating Expenses	<u>159,680</u>	<u>151,320</u>	<u>145,071</u>
Operating Income (Loss)	(23,710)	(11,869)	(6,573)
Non-Operating Revenues (Expenses)			
Interest Income	4,000	1,770	5,506
Property Taxes/User Fees (For Debt Service)	81,870	81,871	75,726
Interest Expense	<u>(33,175)</u>	<u>(33,175)</u>	<u>(33,700)</u>
Total Non-Operating Revenue	<u>52,695</u>	<u>50,466</u>	<u>47,532</u>
Net Income (Loss)	<u>\$ 28,985</u>	38,597	<u>\$ 40,959</u>
Retained Earnings - Beginning		<u>1,603,504</u>	
Retained Earnings - Ending		<u>\$ 1,642,101</u>	

CITY OF GRANT

**Sewer Fund
Statement of Cash Flows
For the Year Ended June 30, 2004**

Cash Flow from Operating Activities:

Net Income (Loss)	\$ 38,597
Adjustments to reconcile net income to net cash	
Flow provided by operating activities:	
Depreciation	48,202
Adjustment to Accumulated Depreciation	(1,277)
Changes in Working Capital Items:	
Decrease in Accounts Receivable	720
Decrease in Accounts Payable	(25)
Increase in Accrued Wages	<u>1,087</u>
Net Cash Provided by Operating Activities	87,304

Cash Flow from Financing Activities:

Decrease in Due From Other Funds	759
Principal Payments on Long-Term Debt	(270,000)
Decrease in Restricted Cash	<u>114,266</u>
Net Cash Used by Financing Activities	<u>(154,975)</u>
Increase in Cash	(67,671)
Cash - Beginning	<u>197,265</u>
Cash - Ending	<u>\$ 129,594</u>

Supplemental Information:

Cash paid for interest for the year ended June 30, 2004 was \$33,175.

CITY OF GRANT

Proprietary Funds Statement of Property, Plant and Equipment For the Year Ended June 30, 2004

	Assets			
	Balance 07-01-03	Additions	Deductions	Balance 06-30-04
SEWER FUND				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Buildings	88,704	-	-	88,704
Maining and Pumping Equipment	2,401,082	-	-	2,401,082
Equipment and Instruments	<u>31,010</u>	<u>-</u>	<u>-</u>	<u>31,010</u>
	<u>\$ 2,521,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,521,796</u>
 WATER FUND				
Land	\$ 43,642	\$ -	\$ -	\$ 43,642
Maining and Pumping Equipment	<u>3,096,752</u>	<u>-</u>	<u>-</u>	<u>3,096,752</u>
	<u>\$ 3,140,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,140,394</u>

Deprecation Policy: There is no depreciation in the year of acquisition; with a full year of depreciation taken in the year of disposition.

Depreciation Rates	Accumulated Depreciation			Net Book Value	
	Balance 07-01-03	Additions	Deductions	Balance 06-30-04	06-30-04
-	\$ -	\$ -	\$ -	\$ -	\$ 1,000
2.5 %	88,704	-	-	88,704	-
2.0 %	517,407	48,201	-	565,608	1,835,474
11.5 %	<u>31,010</u>	<u>-</u>	<u>-</u>	<u>31,010</u>	<u>-</u>
	<u>\$ 637,121</u>	<u>\$ 48,201</u>	<u>\$ -</u>	<u>\$ 685,322</u>	<u>\$ 1,836,474</u>
-	\$ -	\$ -	\$ -	\$ -	\$ 43,642
2.0 %	<u>433,201</u>	<u>61,935</u>	<u>-</u>	<u>495,136</u>	<u>2,601,616</u>
	<u>\$ 433,201</u>	<u>\$ 61,935</u>	<u>\$ -</u>	<u>\$ 495,136</u>	<u>\$ 2,645,258</u>

CITY OF GRANT

Combining Statement of Changes in Assets and Liabilities - Trust and Agency Fund For the Year Ended June 30, 2004

	<u>Balance</u> <u>07-01-03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06-30-04</u>
ASSETS				
Cash	<u>\$ 3,716</u>	<u>\$ 689,433</u>	<u>\$ 626,937</u>	<u>\$ 66,212</u>
LIABILITIES				
Due to Other Funds	\$ 1,633	\$ 248,323	\$ 245,853	\$ 4,103
Due to County	233	146,776	132,193	14,816
Due to Schools	-	260,393	216,492	43,901
Due to Others	<u>1,850</u>	<u>33,941</u>	<u>32,399</u>	<u>3,392</u>
Total Liabilities	<u>\$ 3,716</u>	<u>\$ 689,433</u>	<u>\$ 626,937</u>	<u>\$ 66,212</u>

H&S Companies



Hendon & Slate, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



Report on Internal Control and Compliance Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

City Commission
City of Grant
Grant, MI 49327

We have audited the financial statements of the City of Grant as of and for the year ended June 30, 2004, and have issued our report thereon dated October 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the City of Grant's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Grant's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Commission, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hendon & Slate, P.C.

Hendon & Slate, P.C.
Certified Public Accountants
October 21, 2004

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Muskegon
950 W. Norton Ave.
Suite 500
Muskegon, MI 49441
Phone (231) 733-0076
Fax (231) 733-0185

Hart
2332 North Comfort Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

Whitehall
116 W. Colby, Suite B
Century Building
Whitehall, MI 49461
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January 26, 2005

City Commission
City of Grant
Grant, Michigan 49327

Dear Council Members:

We have audited the financial statements of the City of Grant as of and for the year ended June 30, 2004 and issued our report thereon dated October 21, 2004. As part of our audit, we studied and evaluated the City's accounting and administrative controls as well as compliance with laws having a bearing on the fair presentation of your financial statements. Because this study was only part of the overall audit plan, it is not intended to be a complete review of all your accounting procedures; and, therefore, would not necessarily disclose all weaknesses in your system. Accordingly, we offer the following comments and recommendations.

Books and Records

The clerk and treasurer continue to maintain a complete set of accounting records. Although some auditing adjustments were required, the number of adjustments were reasonable.

Trust and Agency Fund

The Trust and Agency Fund is used to record receipts and disbursements from the collection of property taxes. During the audit we realized the disbursement of property taxes to other units of government did not comply with MCL 211.43 as referenced in the Michigan Department of Treasury "Bulletin for Audits of Local Units of Government in Michigan". This states "Failure to meet the following schedule for distribution of tax collections constitutes delinquent distribution."

Units of SEV of \$15,000,000 or less:

1. Within 10 business days after January 10, account for and deliver tax collections (on hand) through January 10. However, when tax collections (on hand) exceed 25 percent of the taxes apportioned, account for and turn over the total amount of taxes (on hand).

Fremont

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Phone (231) 924-6890
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Hart

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2. Within 10 business days after the last day of February, account for and deliver at least 90 percent of the tax collections (on hand) on the last day of February; and
3. **A final adjustment and delivery of the total amount of tax collections (on hand) shall be made not later than April 1 of each year; or**
4. The local unit may enter into an agreement to establish an alternative schedule for delivering tax collections.
5. For enhanced internal control, it is recommended but not legally required, that for tax collections (on hand) to be distributed the last day of each month within 10 business days.

As of April, the Trust and Agency Fund checking account had a balance of \$138,281.80. Of this amount, only \$7,823.96 was the City's portion. At June 30, 2004, \$66,545.66 remained in the checking account. We recommend the City timely remit property tax collections as set forth under Michigan Common Law 211.43.

Water and Sewer Billings

The water and sewer billings continue to be recorded on the cash basis, while generally accepted accounting principles requires these billings to be reported on the accrual basis. Recording the billings on the accrual basis would allow the clerk and treasurer to reconcile amounts recorded in the accounting records to reports from the water and sewer billing system. This provides a check and balance system to help insure the water and sewer billings are properly accounted for.

F-65 Now Available On-Line

In the past the F-65 had to be completed on the forms issued by the State of Michigan and copies of the form was not acceptable. Now, these forms can be completed in either Excel or in PDF formats. These forms can be accessed from www.michigan.gov/treasury then click on the local government tab and select forms/instructions. Hopefully this will make it easier to complete the F-65.

Qualifying Statement (Form 3883)

The State of Michigan now requires the Municipal Finance Qualifying Statement to be filed on-line, they will not accept paper copies. The form can be found on the department of treasury's web site (above) then under local governments choose municipal finance section. For the current year we have provided a paper copy in which you can use to complete the on-line form; however, in the future, it is the City's responsibility to complete this form.

Operating Statistics

The financial condition of the City has remained stable over the past several years. The General Fund fund balance is approximately 40% of expenditures, which represents an operating cushion of approximately 5 months.

January 26, 2005

Page 3

Attached is additional information, including graphs over the past five years. Following are some items we would like to bring to your attention:

- General Fund - Revenues increased approximately \$34,000 or 11% from last year. This includes:
 - \$15,600 increase in property tax revenue
 - \$13,000 increase in charges for services
 - \$5,400 increase in other revenue
- Police Department expenditures increased \$15,700. Capital outlay, fringes, office supplies, and transportation made up the largest increases.
- The Major Streets cash and fund balance positions improved over last year. This is because of the \$130,000 general obligation bonds issued during the current fiscal year. Major Streets also received a large federal grant in which 80% (approximately \$380,000) of the construction cost was paid by the federal government.

We appreciate the courtesy extended to us during the course of the audit and look forward to working with the City in the future. If you have any questions we will be happy to assist the City in any way.

Respectfully submitted,



C. John Korstange, Jr., CPA
Hendon & Slate, P.C.
Certified Public Accountants

City of Grant

Graph Data

6-30-2004

General Fund Revenues

	<u>6/30/2000</u>	<u>6/30/2001</u>	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>
Taxes	\$ 118,655	\$ 125,156	\$ 128,591	\$ 140,802	\$ 156,447
State Revenue	100,032	117,729	129,371	111,402	109,788
Other	64,261	84,175	120,834	64,373	85,267
Interest	5,181	6,743	2,607	1,974	992
Total Revenues	\$ 288,129	\$ 333,803	\$ 381,403	\$ 318,551	\$ 352,494

Expenditures

	<u>6/30/2000</u>	<u>6/30/2001</u>	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>
Legislative	\$ 6,045	\$ 9,059	\$ 9,914	\$ 10,555	\$ 9,376
General Government	85,556	105,858	102,609	105,802	111,438
Public Safety	86,745	85,238	106,410	89,422	104,719
Public Works	80,801	58,474	47,035	58,432	67,178
Recreation and Culture	5,865	11,517	102,764	7,605	3,757
Other Functions	21,731	23,499	25,007	26,591	22,157
Debt Service	19,840	15,100	10,660	10,852	0
Total Expenditures	\$ 306,583	\$ 308,745	\$ 404,399	\$ 309,259	\$ 318,625

Excess Revenues (Expenditures)

\$ (18,454)	\$ 25,058	\$ (22,996)	\$ 9,292	\$ 33,869
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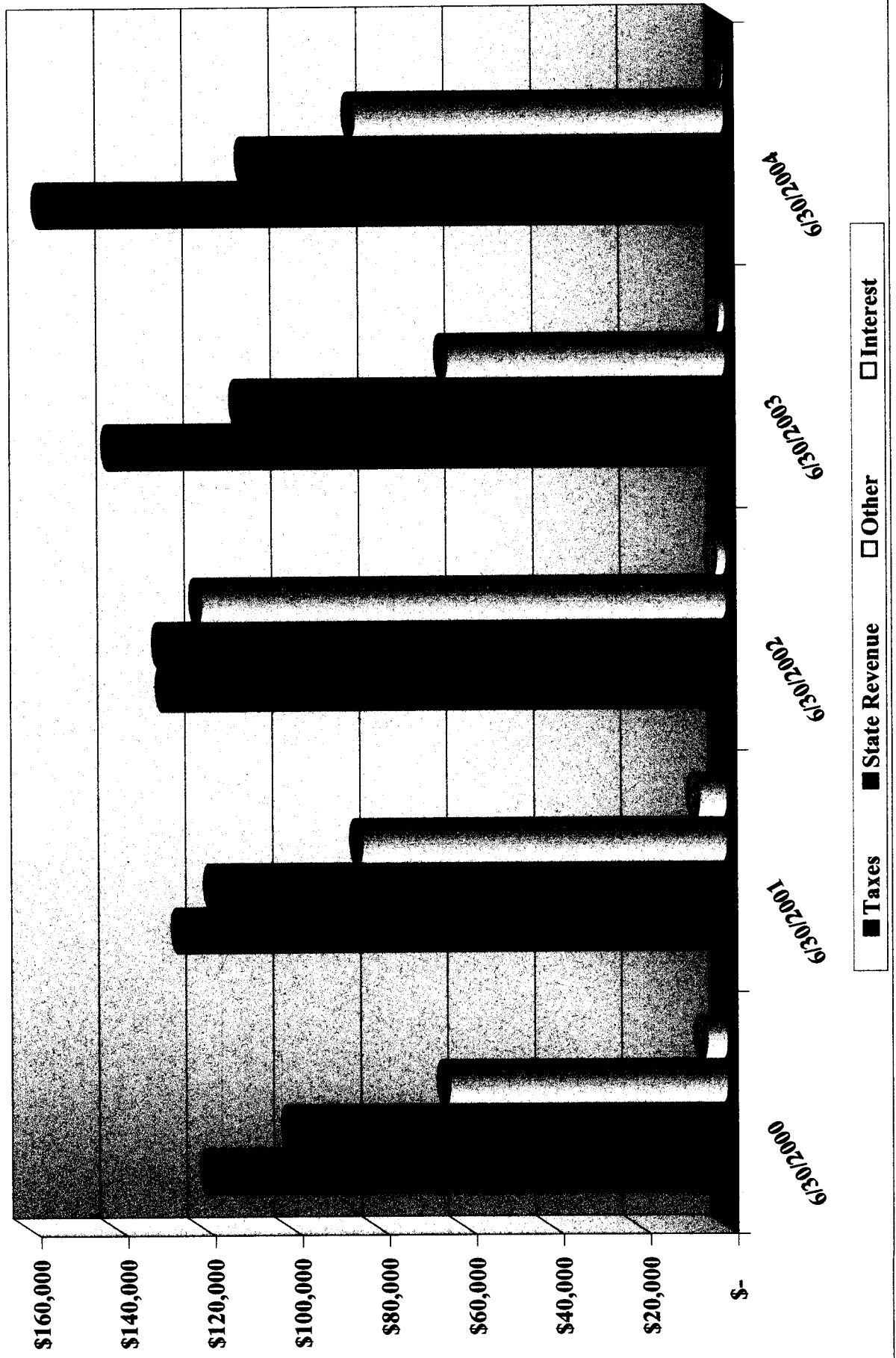
Fund Balances

	<u>6/30/2000</u>	<u>6/30/2001</u>	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>
General Fund - Undesignated	\$ 99,731	\$ 104,512	\$ 61,568	\$ 59,560	\$ 72,029
Major Streets	147,745	6,538	14,220	(5,959)	22,794
Local Streets	55,235	57,962	61,171	64,803	68,911
Sidewalk	497	13,923	66	6,581	175
Fire Fund	-	-	1,390	1,688	2,154

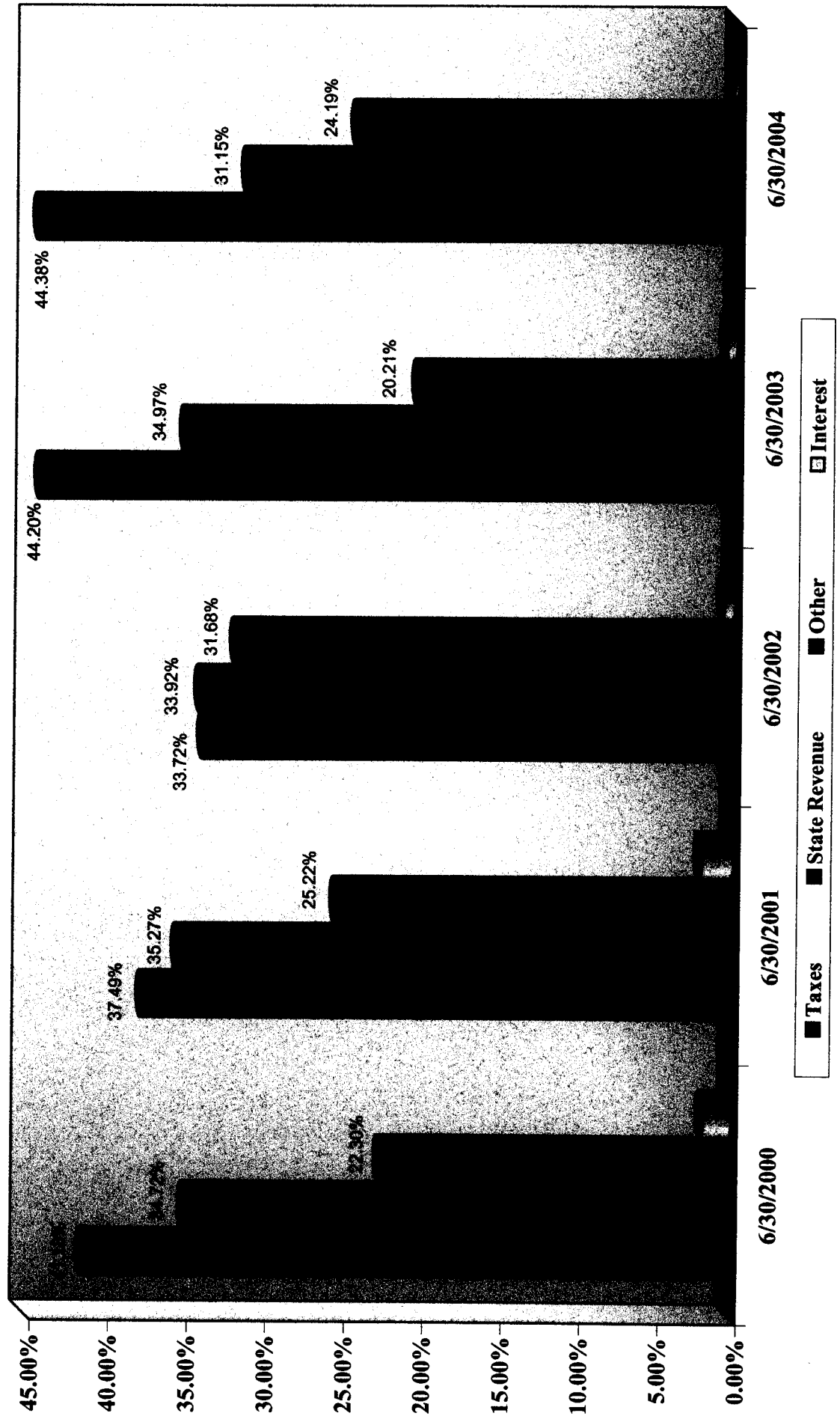
Cash

	<u>6/30/2000</u>	<u>6/30/2001</u>	<u>6/30/2002</u>	<u>6/30/2003</u>	<u>6/30/2004</u>
General Fund	\$ 156,153	\$ 154,296	\$ 106,390	\$ 101,885	\$ 129,572
Major & Local St., Sidewalk, & Fire Funds	221,149	206,880	65,959	61,744	83,015
Water Fund - Undesignated	85,830	91,733	117,827	30,548	129,594
Sewer Fund- Undesignated	103,576	131,740	152,723	197,265	186,167
Total	\$ 566,708	\$ 584,649	\$ 442,899	\$ 391,442	\$ 528,348

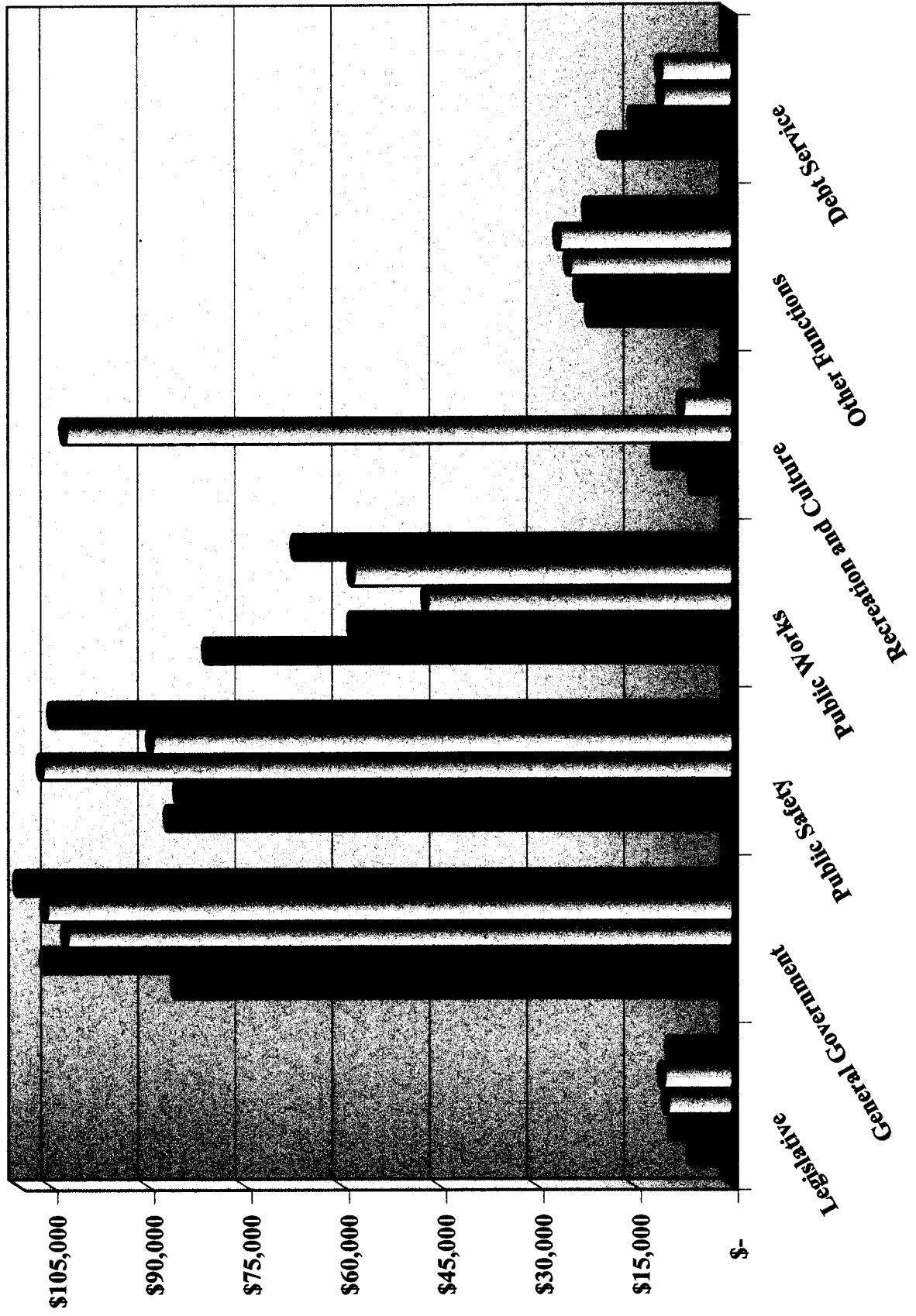
General Fund Revenue Analysis



Revenue as a % of Total General Fund

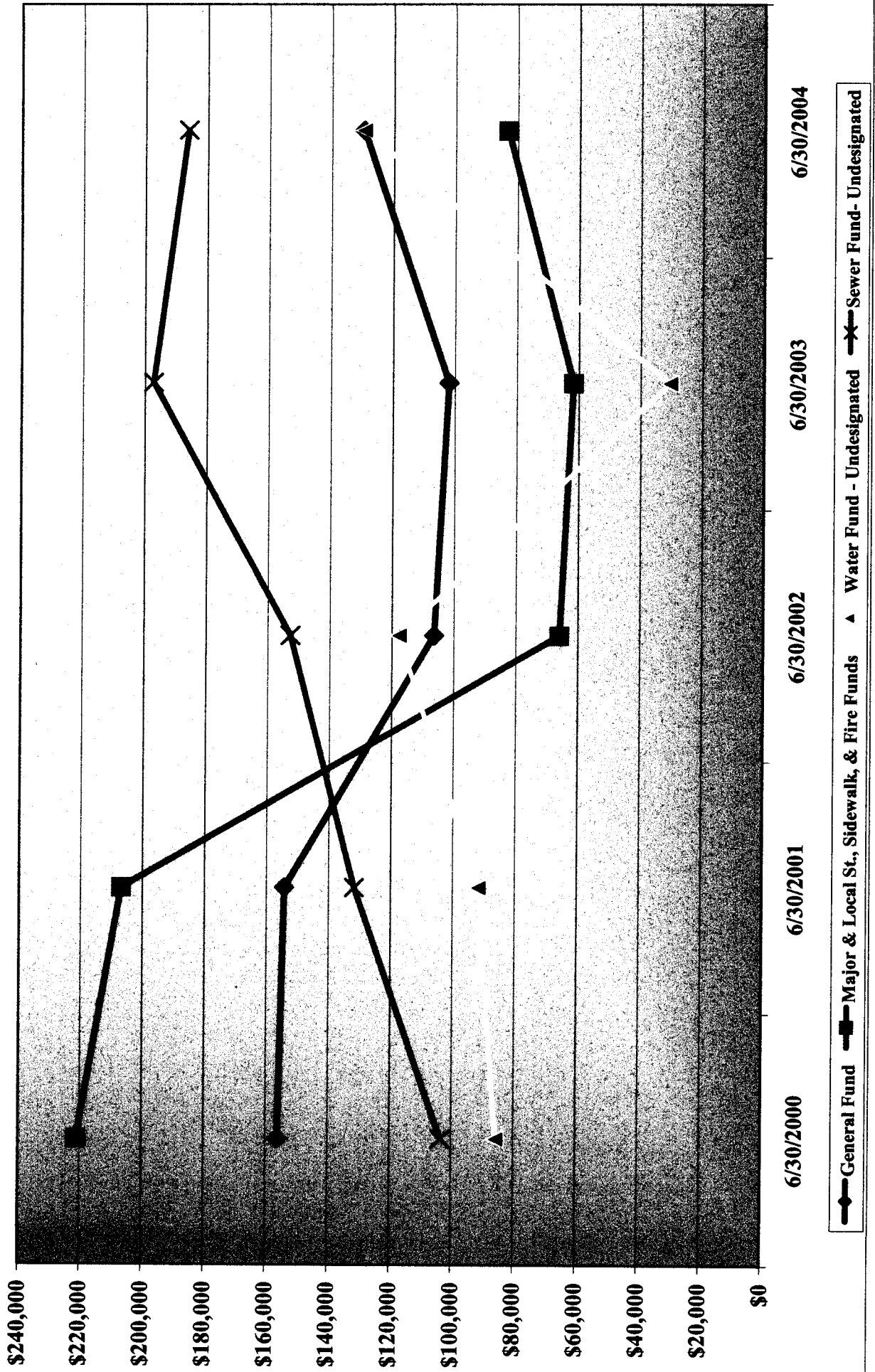


General Fund Expenditure Analysis



■ 6/30/2000 ■ 6/30/2001 □ 6/30/2002 □ 6/30/2003 ■ 6/30/2004

Undesignated Cash



Fund Balances

